

HEALTH QUARTERLY STATEMENT

AS OF June 30, 2003

OF THE CONDITION AND AFFAIRS OF THE

QCA Health Plan, Inc.

NAIC Group Code0000,0000NAIC Company Code95448Employer's ID Number71-0794605

(Current Period)(Prior Period)

Organized under the Laws ofArkansas,State of Domicile or Port of EntryArkansas

Country of DomicileUnited States of America

Licensed as business type:Life, Accident & Health[]Property/Casualty[]Hospital, Medical & Dental Service or Indemnity[]Dental Service Corporation[]Vision Service Corporation[]Health Maintenance Organization[X]Other[]Is HMO Federally Qualified? Yes[] No[X]

Date Incorporated or Organized04/08/1996Date Commenced Business07/31/1996

Statutory Home Office10825 Financial Centre Parkway, Suite 400, Little Rock, AR 72211

(Street and Number)(City, or Town, State and Zip Code)

Main Administrative Office10825 Financial Centre Parkway, Suite 400

(Street and Number)Little Rock, AR 72211(501)228-7111

(City or Town, State and Zip Code)(Area Code) (Telephone Number)

Mail Address10825 Financial Centre Parkway, Suite 400, Little Rock, AR 72211

(Street and Number or P.O. Box)(City, or Town, State and Zip Code)

Primary Location of Books and Records10825 Financial Centre Parkway, Suite 400

(Street and Number)Little Rock, AR 72211(501)228-7111

(City, or Town, State and Zip Code)(Area Code) (Telephone Number)

Internet Website Addresswww.qcark.com

Statutory Statement ContactRandall Crow(501)228-7111-5109

(Name)(Area Code)(Telephone Number)(Extension)

rcrow@qcark.com(501)228-0135

(E-Mail Address)(Fax Number)

Policyowner Relations ContactTerri James(address same as above)

(Street and Number)Little Rock, AR 72211(501)228-7111

(City, or Town, State and Zip Code)(Area Code) (Telephone Number)(Extension)

OFFICERS

PresidentFrancis Lee Browning

SecretaryRandall Alvin Crow #

TreasurerMichael Edward Stock

VICE PRESIDENTS

Michael Edward Stock

Roy Perry Lamm

David Ellis Seal

Roger Keeney Howe M.D.,MMM

Joni Self Daniels

Richard Thomas Halinski Jr. J.D.

DIRECTORS OR TRUSTEES

Francis Lee Browning

Richard Allen Pierson

Barbara Garner Williams RN, PhD

Buford Joseph Suffridge DDS,MS,PA

Joseph Patrick Searcy

Stephanie Gayle Smith

Douglas Derald Goetz

Pamela Jean Stoyanoff

Joseph Maurice Elser M.D.

A. David Hall M.D.

State ofArkansas

County ofPulaski ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)Francis Lee Browning

(Printed Name)President

Subscribed and sworn to before me this day of, 2003

(Notary Public Signature)

(Signature)Randall Alvin Crow

(Printed Name)Secretary

a. Is this an original filing?

b. If no,1. State the amendment number

2. Date filed

3. Number of pages attached

(Signature)Michael Edward Stock

(Printed Name)Treasurer

Yes[X] No[]

DIRECTORS OR TRUSTEES (continued)

Charles W. Smith M.D.
Martin Fiser M.D.

Jack Lassiter EdD

ASSETS

		Current Statement Date			4
		1	2	3	December 31, Prior Year Net Admitted Assets
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	
1.	Bonds				
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks				
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate:				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances) ..				
5.	Cash (\$.....20,978,139 and short-term investments \$.....328,615)	21,306,754		21,306,754	19,393,508
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	21,306,754		21,306,754	19,393,508
11.	Investment income due and accrued	11,449		11,449	13,433
12.	Premiums and considerations:				
12.1	Uncollected premiums and agents' balances in course of collection	941,240		941,240	1,337,105
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers	50,000		50,000	
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans				
15.1	Current federal and foreign income tax recoverable and interest thereon				
15.2	Net deferred tax asset				
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software				
18.	Furniture and equipment, including health care delivery assets (\$.....)				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates	11,951		11,951	48,405
21.	Health care (\$.....) and other amounts receivable	536,130	17,282	518,848	222,719
22.	Other assets nonadmitted				
23.	Aggregate write-ins for other than invested assets	3		3	382,484
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	22,857,527	17,282	22,840,245	21,397,654
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	TOTALS (Lines 24 and 25)	22,857,527	17,282	22,840,245	21,397,654
DETAILS OF WRITE-INS					
0901.	0				
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	CHIP Receivable				383,835
2302.	Misc. Receivable	5		5	(1,352)
2303.	Rounding	(2)		(2)	1
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	3		3	382,484

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	13,066,796	1,045,628	14,112,424	13,679,752
2.	Accrued medical incentive pool and bonus payments				
3.	Unpaid claims adjustment expenses	158,516		158,516	158,674
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	1,057,613		1,057,613	2,027,042
9.	General expenses due or accrued	1,039,282		1,039,282	565,282
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	30,481		30,481	358,335
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans	598,555		598,555	117,469
21.	Aggregate write-ins for other liabilities (including \$..... current)	(1)		(1)	
22.	Total liabilities (Lines 1 to 21)	15,951,242	1,045,628	16,996,870	16,906,554
23.	Common capital stock	X X X	X X X	1,553	1,553
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X	8,123,807	8,123,447
26.	Surplus notes	X X X	X X X	17,210,808	17,210,808
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	(19,492,433)	(20,844,708)
29.	Less treasury stock, at cost:				
29.1	.....3,600 shares common (value included in Line 23 \$.....360)	X X X	X X X	360	
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	Total capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	5,843,375	4,491,100
31.	Total liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	22,840,245	21,397,654
DETAILS OF WRITE-INS					
2101.	Rounding	(1)		(1)	
2102	.....			
2103	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	(1)		(1)	
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	186,392	454,888
2.	Net premium income (including \$..... non-health premium income)	X X X	36,305,717	81,326,814
3.	Change in unearned premium reserves and reserves for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	36,305,717	81,326,814
Hospital and Medical:				
9.	Hospital/medical benefits	2,513,730	27,029,352	60,700,103
10.	Other professional services			
11.	Outside referrals			
12.	Emergency room and out-of-area	99,295	1,067,688	2,397,717
13.	Prescription drugs		3,164,515	7,668,699
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool and withhold adjustments			(675,518)
16.	Subtotal (Lines 9 to 15)	2,613,025	31,261,555	70,091,001
Less:				
17.	Net reinsurance recoveries		290,562	349,154
18.	Total hospital and medical (Lines 16 minus 17)	2,613,025	30,970,993	69,741,847
19.	Non-health claims			
20.	Claims adjustment expenses		1,028,373	1,939,202
21.	General administrative expenses		3,212,340	7,929,471
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)	2,613,025	35,211,706	79,610,520
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	1,094,011	1,716,294
25.	Net investment income earned		127,068	241,704
26.	Net realized capital gains or (losses)			
27.	Net investment gains or (losses) (Lines 25 plus 26)		127,068	241,704
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	1,221,079	1,957,998
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	1,221,079	1,957,998
DETAILS OF WRITE-INS				
0601	.....	X X X		
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401	.....		
1402	.....		
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year To Date	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	4,491,100	2,330,544
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	1,221,079	1,957,998
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	131,201	202,566
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock	(360)	
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in	360	
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus	(4)	(8)
48.	Net change in capital and surplus (Lines 34 to 47)	1,352,276	2,160,556
49.	Capital and surplus end of reporting period (Line 31 plus 48)	5,843,376	4,491,100
DETAILS OF WRITE-INS			
4701.	Rounding	(4)	(8)
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(4)	(8)

CASH FLOW

		1	2
		Current Year To Date	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	35,732,153	80,391,467
2.	Net investment income	129,052	244,271
3.	Miscellaneous income	(128,474)	
4.	Total (Lines 1 through 3)	35,732,731	80,635,738
5.	Benefit and loss related payments	30,588,321	73,079,885
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	3,285,786	8,397,249
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$..... net tax on capital gain (losses)		
10.	Total (Lines 5 through 9)	33,874,107	81,477,134
11.	Net cash from operations (Line 4 minus Line 10)	1,858,624	(841,396)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)		
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)		
14.	Net increase (decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)		
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds received		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	54,622	593,149
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	54,622	593,149
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Lines 11 plus 15 plus 17)	1,913,246	(248,247)
19.	Cash and short-term investments:		
19.1	Beginning of year	19,393,508	19,641,755
19.2	End of period	21,306,754	19,393,508

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	33,686		33,686										
2. First Quarter	30,605		30,605										
3. Second Quarter	31,776		31,776										
4. Third Quarter													
5. Current Year													
6. Current Year Member Months	186,392		186,392										
Total Member Ambulatory Encounters for Period:													
7. Physician	103,205		103,205										
8. Non-Physician	19,033		19,033										
9. Total	122,238		122,238										
10. Hospital Patient Days Incurred	4,347		4,347										
11. Number of Inpatient Admissions	1,252		1,252										
12. Health Premiums Collected	35,732,153		35,732,153										
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	36,623,555		36,623,555										
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services ...	30,538,321		30,538,321										
18. Amount Incurred for Provision of Health Care Services	31,261,555		31,261,555										

CLAIMS PAYABLE (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
Individually Listed Claims Payable						
.....
.....
0199999 Individually Listed Claims Payable						
0299999 Aggregate Accounts Not Individually Listed - Uncovered	385,974	211,917	83,384	75,432	288,921	1,045,628
0399999 Aggregate Accounts Not Individually Listed - Covered	3,764,289	2,066,760	813,221	735,663	2,817,760	10,197,693
0499999 Subtotals	4,150,263	2,278,677	896,605	811,095	3,106,681	11,243,321
0599999 Unreported claims and other claim reserves						2,869,103
0699999 Total Amounts Withheld						
0799999 Total Claims Payable						14,112,424
0899999 Accrued Medical Incentive Pool						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
		1	2	3	4		
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec.31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical) .....	..... 9,279,948	..... 21,258,373	..... 1,881,303	..... 12,231,121	..... 11,161,251	..... 13,679,752
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan Premiums ..	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	.....	.....	.....	.....	.....	.....
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8) .....	..... 9,279,948	..... 21,258,373	..... 1,881,303	..... 12,231,121	..... 11,161,251	..... 13,679,752
10.	Other non-health .....	.....	.....	.....	.....	.....	.....
11.	Medical incentive pools, accruals and disbursements ..	.....	.....	.....	.....	.....	.....
12.	TOTALS .....	..... 9,279,948	..... 21,258,373	..... 1,881,303	..... 12,231,121	..... 11,161,251	..... 13,679,752

Notes to Financial Statement

GENERAL INTERROGATORIES
(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes[] No[X]
- 1.2 If yes, explain:
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[] No[X]
- 2.2 If yes, has the report been filed with the domiciliary state?

Yes[] No[] N/A[X]
- 3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[]
- 3.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

04/29/2003
4. Have there been any substantial changes in the organizational chart since the prior quarter end?
If yes attach an explanation.

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation.

Yes[] No[] N/A[X]
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made.
- 7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 7.4 By what department or departments?
- 8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes[] No[X]
- 8.2 If yes, give full information
- 9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 9.2 If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 9.4 If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
..... Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

INVESTMENT

- 10.1

Has there been any changes in the reporting entity's own preferred or common stock?

Yes[X] No[]
- 10.2

If yes, explain:
Issued Stock has not changed, but outstanding has. 3,600 shares were repurchased and became Treasury stock
- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[] No[X]
- 11.2

If yes, give full and complete information relating thereto:
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$
13.

Amount of real estate and mortgages held in short-term investments:

\$
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes[] No[X]
- 14.2

If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages, Loans or Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above		

- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes[] No[X]
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[X] N/A[]
16.

Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV, H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[] No[X]
- 16.1

For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
.....

- 16.2

For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 16.3

Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes[] No[X]
- 16.4

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

- 16.5

Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....

13 Schedule A Verification - NONE

13 Schedule B Verification - NONE

13 Schedule BA Verification - NONE

13 Schedule D Verification - NONE

14 Schedule D Part 1B - NONE

SCHEDULE DA - PART 1

Short - Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999. TOTALS	328,615	X X X	329,164	6,500	.....

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	326,804	322,758
2.	Cost of short-term investments acquired	329,164	1,329,051
3.	Increase (decrease) by adjustment	(2,353)	(5)
4.	Increase (decrease) by foreign exchange adjustment		
5.	Total profit (loss) on disposal of short-term investments		
6.	Consideration received on disposal of short-term investments	325,000	1,325,000
7.	Book/adjusted carrying value, current period	328,615	326,804
8.	Total valuation allowance		
9.	Subtotals (Lines 7 plus 8)	328,615	326,804
10.	Total nonadmitted amounts		
11.	Statement value (Lines 9 minus 10)	328,615	326,804
12.	Income collected during period	6,500	7,934
13.	Income earned during period	3,199	8,662

16 Schedule DB Part F Section 1 - NONE

17 Schedule DB Part F Section 2 - NONE

SCHEDULE S - CEDED REINSURANCE
Showing all new reinsurers-Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (Yes or No)
Life and annuity - affiliates				
.....	no new reinsuers this year .....	..... Yes[X] No[]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only Year-to-Date					
				3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/ Casualty Premiums
1.	Alabama (AL) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
2.	Alaska (AK) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
3.	Arizona (AZ) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
4.	Arkansas (AR) .....	.. No ...	.. Yes ..	..... 36,623,555	.....	.....	.....	.....	.....
5.	California (CA) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
6.	Colorado (CO) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
7.	Connecticut (CT) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
8.	Delaware (DE) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
9.	District of Columbia (DC) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
10.	Florida (FL) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
11.	Georgia (GA) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
12.	Hawaii (HI) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
13.	Idaho (ID) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
14.	Illinois (IL) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
15.	Indiana (IN) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
16.	Iowa (IA) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
17.	Kansas (KS) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
18.	Kentucky (KY) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
19.	Louisiana (LA) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
20.	Maine (ME) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
21.	Maryland (MD) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
22.	Massachusetts (MA) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
23.	Michigan (MI) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
24.	Minnesota (MN) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
25.	Mississippi (MS) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
26.	Missouri (MO) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
27.	Montana (MT) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
28.	Nebraska (NE) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
29.	Nevada (NV) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
30.	New Hampshire (NH) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
31.	New Jersey (NJ) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
32.	New Mexico (NM) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
33.	New York (NY) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
34.	North Carolina (NC) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
35.	North Dakota (ND) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
36.	Ohio (OH) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
37.	Oklahoma (OK) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
38.	Oregon (OR) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
39.	Pennsylvania (PA) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
40.	Rhode Island (RI) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
41.	South Carolina (SC) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
42.	South Dakota (SD) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
43.	Tennessee (TN) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
44.	Texas (TX) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
45.	Utah (UT) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
46.	Vermont (VT) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
47.	Virginia (VA) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
48.	Washington (WA) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
49.	West Virginia (WV) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
50.	Wisconsin (WI) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
51.	Wyoming (WY) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
52.	American Samoa (AS) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
53.	Guam (GU) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
54.	Puerto Rico (PR) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
55.	U.S. Virgin Islands (VI) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
56.	Canada (CN) .....	.. No ...	.. No ...	.....	.....	.....	.....	.....	.....
57.	Aggregate other alien (OT) .....	.. X X X ..	.. X X X ..	.....	.....	.....	.....	.....	.....
58.	TOTAL (Direct Business) .....	.. X X X ..	(a)..... 1	..... 36,623,555	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS									
5701	.....	.. X X X ..	.. X X X ..	.....	.....	.....	.....	.....	.....
5702	.....	.. X X X ..	.. X X X ..	.....	.....	.....	.....	.....	.....
5703	.....	.. X X X ..	.. X X X ..	.....	.....	.....	.....	.....	.....
5798.	Summary of remaining write-ins for Line 57 from overflow page .....	.. X X X ..	.. X X X ..	.....	.....	.....	.....	.....	.....
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) .....	.. X X X ..	.. X X X ..	.....	.....	.....	.....	.....	.....

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

All insurer members of a Holding Company Group that has acquired and/or disposed of any domestic insurer (s) since filing the last annual or quarterly statement shall prepare a common schedule for inclusion in each of the individual quarterly statements

PART 1 - ORGANIZATIONAL CHART

PARENTS:

QualChoice of Arkansas, Inc.
FEIN: 71-0752544
Third Party Administrator of
Managed Care Health

51.15%

Zenith National Insurance Corp.
FEIN: 95-1651549
Property and Casualty Insurer with
Speciality in Worker's Compensation

30.19%

Novalis Corporation
FEIN: 14-1785722
Managed Care Services
and Consulting Firm

1.68%

University of Arkansas
for Medical Sciences
FEIN: 71-6046242

15.09%

Arkansas Children's Hospital
FEIN: 71-0236857

1.89%

HMO:

QCA Health Plan, Inc.
FEIN: 71-0794605
Health Maintenance Organization

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

RESPONSES

1. Will the SVO Compliance Certification be filed with this statement?

No

Explanation:

Bar Code:

SVO Compliance Certification



OVERFLOW PAGE FOR WRITE-INS

E01	Schedule A Part 2 -	NONE
E01	Schedule A Part 3 -	NONE
E02	Schedule B Part 1 -	NONE
E02	Schedule B Part 2 -	NONE
E03	Schedule BA Part 1 -	NONE
E03	Schedule BA Part 2 -	NONE
E04	Schedule D Part 3 -	NONE
E05	Schedule D Part 4 -	NONE
E06	Schedule DB Part A Section 1 -	NONE
E06	Schedule DB Part B Section 1 -	NONE
E07	Schedule DB Part C Section 1 -	NONE
E07	Schedule DB Part D Section 1 -	NONE

SCHEDULE E - PART 1 - CASH

1			2	3	4	Book Balance at End of Each Month During Current Quarter			8
Depository			Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	5	6	7	
						First Month	Second Month	Third Month	*
open depositories									
Regions Bank	400 W. Capitol, Little Rock, AR								
	72204		0.700	11,439		3,804,048	5,419,067	1,937,229	
Regions Bank	400 W. Capitol, Little Rock, AR								
	72204		0.720	25,276	8,145	11,318,555	11,325,598	11,832,626	
US Bank	401 W. Capitol, Little Roc, AR								
	72201		1.120	24,480		8,229,637	6,314,726	7,208,184	
	Petty Cash					100	100	100	
0199998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories			X X X						
0199999 Totals - Open Depositories			X X X	61,195	8,145	23,352,340	23,059,491	20,978,139	
0299998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories			X X X						
0299999 Totals - Suspended Depositories			X X X						
0399999 Total Cash On Deposit			X X X	61,195	8,145	23,352,340	23,059,491	20,978,139	
0499999 Cash in Company's Office			X X X	X X X	X X X				
0599999 Total Cash			X X X	61,195	8,145	23,352,340	23,059,491	20,978,139	

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